Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

ORIGINAL
FILE

In the Matter of	)	
	)	CC Docket No. 92-77
Billed Party Preference	)	
for 0+ InterLATA Calls	)	

COMMENTS OF THE NYNEX TELEPHONE COMPANIES

New York Telephone Company
and
New England Telephone and
Telegraph Company

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SUMMARY

The Commission initiated this NPRM to "consider the merits of an automated 'billed party preference' routing methodology for 0+ interLATA payphone traffic and for other types of operator-assisted interLATA traffic." The Commission tentatively concluded that a nationwide system of billed party preference for all 0+ interLATA calls is in the public interest.

The Commission has requested comment on a number of issues in connection with billed party preference, "first and foremost" information "about the costs of a billed party preference system, and how those costs are affected by the scope of billed party preference."

In these comments, the NTCs demonstrate that billed party preference clearly would provide significant benefits to the public. With billed party preference, customers would always be able to reach their preferred carrier simply by dialing 0+. Furthermore, the customer would be assured that collect or billed to third number calls would be carried by the carrier chosen by the billed party. Finally, billed party preference would enable competition in the 0+ calling card marketplace since all customers using 0+ calling cards would be able to reach their preferred carrier from any location. The NTCs also demonstrate, however, that the cost of implementing any of the four billed party preference alternatives suggested by the Commission would be considerable. As described more fully herein, studies by the NYNEX Telephone Companies indicate

that the cost of implementing billed party preference (1) for all 0+ and 0- interLATA calls would exceed $82.6 million in initial costs with an additional minimum required annual expenditure of approximately $13.7 million, most of which would be necessary for an increased number of operators; (2) for all 0+ interLATA calls would exceed $77.5 million in initial costs and approximately $6.5 million in additional annual expenditures; (3) for 0+ interLATA public phone traffic would exceed $72.8 million in initial costs and require approximately $3.9 million in additional annual expenditures; and (4) for 0+ interLATA payphone traffic only, would exceed $71.1 million in initial costs and require some $3.8 million in additional annual expenditures. The NTCs believe that, on balance, the cost of billed party preference outweighs the benefits to the public.

If the Commission nonetheless determines that billed party preference is in the public interest, billed party preference should not be treated, as the Commission suggests, as a new service under price caps. The significant implementation costs and ongoing expenses associated with billed party preference would simply make it uneconomical as a new service. Thus, if the Commission concludes that billed party preference is in the public interest, the NTCs recommend that the most appropriate method for recovering the costs of billed party preference would be through an increase in the End User Common Line ("EUCL") charge.

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COMMENTS OF THE NYNEX TELEPHONE COMPANIES

New York Telephone Company ("NYT") and New England Telephone and Telegraph Company ("NET") (collectively, the "NYNEX Telephone Companies" or "NTCs") hereby submit their comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM") in the above matter released May 8, 1992.

I. INTRODUCTION

The Commission initiated this NPRM to "consider the merits of an automated 'billed party preference' routing methodology for 0+ interLATA payphone traffic and for other types of operator-assisted interLATA traffic."[1] The Commission tentatively concluded that a nationwide system of billed party preference for all 0+ interLATA calls is in the public interest.[2]

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1 NPRM at ¶ 1.

2 Id. at ¶ 13.

Billed party preference would allow the person paying for a collect, calling card or billed to third number interLATA call to determine the carrier of the call. For example, under billed party preference, if the customer uses a calling card, the call will be routed through the local exchange company's ("LEC") Traffic Operator Position System ("TOPS") switch. The TOPS switch will then send an electronic information request, known as a query, to the appropriate local exchange carrier's Line Information Data Base ("LIDB") to obtain the identity of the customer's presubscribed carrier. Once this information is obtained, the call will then be routed to the appropriate carrier's network. Likewise, if calls are to be billed collect or to a third number, the TOPS switch will query LIDB and thereafter deliver the call to the billed party's preselected carrier.

The Commission has requested comment on a number of issues in connection with billed party preference, "first and foremost" information "about the costs of a billed party preference system, and how those costs are affected by the scope of billed party preference."[3]

The Commission also seeks comment on how billed party preference should be implemented. Specifically, comment is sought on (1) whether all LECs should be required to implement billed party preference; (2) whether the Commission's rules should be amended to preclude aggregators and payphone providers from using automatic dialing mechanisms to program

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3 Id. at ¶ 25.

their phones to dial around billed party preference; (3) the types of calls for which billed party preference should be implemented; (4) the process by which a 0+ carrier should be assigned to each telephone line; and (5) the process by which a secondary operator service provider ("OSP") might be assigned to each telephone line.

In these comments, the NTCs demonstrate that, while billed party preference would provide significant public benefits, the cost of implementing any of the four billed party preference alternatives suggested by the Commission would be considerable. As described more fully herein, studies by the NYNEX Telephone Companies indicate that the cost of implementing billed party preference (1) for all 0+ and 0- interLATA calls would exceed $82.6 million in initial costs with an additional minimum required annual expenditure of approximately $13.7 million, most of which would be necessary for an increased number of operators; (2) for all 0+ interLATA calls would exceed $77.5 million in initial costs and approximately $6.5 million in additional annual expenditures; (3) for 0+ interLATA public phone traffic would exceed $72.8 million in initial costs and require approximately $3.9 million in additional annual expenditures; and (4) for 0+ interLATA payphone traffic only, would exceed $71.1 million in initial costs and require some $3.8 million in additional annual expenditures. The NTCs believe that, on balance, the cost of billed party preference outweighs the benefits to the public.

If the Commission nonetheless determines that billed party preference is in the public interest, billed party

preference should not be treated, as the Commission suggests, as a new service under price caps.[4] The significant implementation costs and ongoing expenses associated with billed party preference would simply make it uneconomical as a new service. Thus, if the Commission concludes that billed party preference is in the public interest, the NTCs recommend that the most appropriate method for recovering the costs of billed party preference would be through an increase in the End User Common Line ("EUCL") charge.

II. THE COST OF IMPLEMENTING BILLED PARTY PREFERENCE WOULD BE SUBSTANTIAL

While billed party preference would provide customers with significant benefits, the costs of implementation would be substantial. The NTCs have calculated the one-time expenses, capital investments and additional annual expenditures required to implement billed party preference in the NYNEX region for (1) all interLATA 0+ and 0- traffic; (2) all interLATA 0+ traffic; (3) all interLATA 0+ public phone traffic; and (4) interLATA 0+ payphone traffic only. The results of these calculations are set forth in Attachments A through L to these comments.

As shown in Attachment A, and as explained in detail below, the NTCs estimate that the cost of implementing billed party preference for all interLATA 0+ and 0- calls would exceed $82.6 million in one-time and capital expenses, with an

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4 See NPRM at ¶ 25, n. 30.

additional minimum required annual expense of approximately $13.7 million for additional operations; for all interLATA 0+ calls, the one-time and capital expenses would be approximately $77.5 million, with an additional annual expenditure of approximately $6.5 million; for all interLATA 0+ public phone traffic, the one-time and capital expenses would be approximately $72.8 million, with an additional $3.9 million annual expenditure; and, finally, for all 0+ payphone traffic, the one-time and capital expenses would be approximately $71.1 million, with an additional annual expenditure of approximately $3.8 million.[5]

Therefore, regardless of the billed party preference option selected, the cost of implementing billed party preference would be substantial. Furthermore, while there are differences in the costs associated with each of the alternatives, the total cost of implementing the least expensive option (interLATA 0+ payphone traffic only) is not significantly different from the cost of implementing the most expensive option (all interLATA 0+ and 0- traffic).

As discussed more fully below, in order to implement billed party preference, the NTCs would be required to incur substantial one-time initial implementation caps, both capital

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5 In order to fully implement billed party preference, the NTCs will also have to deploy Operator Services SS7 to the end office. The NTCs have not yet received from the manufacturer general availability dates for this software upgrade nor pricing information for the feature. The costs associated with this work, which could be substantial, have therefore not been included in the billed party preference cost estimates.

and expense, which are set forth in detail in Attachment B. The NTCs would also incur additional annual operating expenses for billed party preference. These costs are set forth on Attachment C.

INITIAL IMPLEMENTATION COSTS

In order to implement billed party preference, the NTCs would be required to incur substantial one-time expenses, both capital and expense, for (1) TOPS switch upgrades and new TOPS switches; (2) LIDB hardware and software upgrades; (3) support system modifications; (4) interoffice trunk facility modifications; (5) additional operator equipment; and (6) balloting, or some other method for advising customers of their right to choose a 0+ carrier.

A. TOPS Switch Upgrades And New TOPS Switches

Today, all interLATA 0+ calls in the NTCs' region are routed either directly to the interexchange carrier's switch or through an access tandem. Under billed party preference, all such calls would have to be routed to the NTCs' LIDB through a TOPS switch to assure assignment of the call to the interexchange carrier chosen by the customer.[6] Numerous system changes will be required to achieve this result. First the switch capacity in each of the NYNEX Telephone Companies' nineteen TOPS switches will have to be increased through

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6 All 0- calls are already routed through the NTCs' TOPS switches.

extensive hardware and software modifications. These modifications would provide the ability to route a call based on a LIDB query rather than the originating line's presubscribed carrier. The NTCs estimate, based on preliminary price quotations received from the switch vendor, that the cost of these modifications will be approximately $600,000 per TOPS switch, or a total of $11,400,000.[7] These modifications would be necessary regardless of which billed party preference option is implemented.

The NTCs' TOPS switches are currently near capacity. Because of the increased traffic to these switches required for billed party preference, it is expected that NYT and NET would each be required to install one new TOPS switch. The estimated cost of these two new switches is $18,600,000.[8] As with the modifications to the existing TOPS switches, the new TOPS switches would be required regardless of which billed party preference option is implemented.

B. LIDB Upgrades

The NTCs' LIDB would also have to be upgraded to accommodate billed party preference. The necessary software modification will be developed for the NTCs and other RBOCs by Bellcore. The NTCs estimate their share of the cost of this upgrade would be approximately $103,000.[9] Moreover,

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7 Attachment B at p.1, L1.

8 Id. at p.2, L4. This estimate is based on the cost of the last TOPS switch installation by NYT.

9 Id. at p.1, L6.

additional computer hardware would be necessary to accommodate the software modification to the NTCs' LIDB. The cost of additional LIDB computer hardware, which would not vary with the billed party preference option, would be approximately $2,400,000.[10]

C. Support System Modifications

The billed party preference service envisioned by the Commission would permit the customer to designate a 0+ carrier as well as a 1+ carrier. A number of the NTCs' support systems would require modification to accept a second presubscribed carrier. The cost of these modifications, which would not vary with the billed party preference option, is estimated at approximately $500,000.[11]

D. Interoffice Trunk Facility Rearrangements

Interoffice trunk facilities would require considerable rearrangement so that 0+ calls could be re-routed through one of the NTCs' TOPS switches. Specifically, new trunks would have to be established between NTC end offices and TOPS switches and between the TOPS switches and interexchange carrier POPs. This effort would include certain one-time expenses, such as the labor cost to make the trunk rearrangements, as well as capital investment in new trunks and trunk terminations. The NTCs have developed an estimate of the

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10 Id. at p.2, L5.

11 Id. at p.1, L2.

number of trunk rearrangements which would be necessary to implement each of the four billed party preference options proposed by the Commission.[12] The NTCs have estimated the total labor costs necessary to accomplish the trunk rearrangements by multiplying the labor cost by the number of trunk rearrangements required to implement each of the four billed party preference scenarios. The total labor cost estimates for the NTCs' required trunk rearrangements range from a high of approximately $2,200,000 for all interLATA 0+ and 0- traffic to a low of approximately $1,400,000 for interLATA 0+ payphone traffic only.[13]

The NTCs' estimates of capital investment for trunk terminations for each of the four options range from a high of approximately $10,800,000 for all interLATA 0+ and 0- traffic to a low of approximately $7,000,000 for interLATA 0+ payphone traffic only,[14] while the NTCs' estimates of capital investment for facilities range from approximately $14,000,000 for all interLATA 0+ and 0- traffic to approximately $9,000,000 for interLATA 0+ payphone traffic only.[15] The differences in the trunk rearrangement expenses and capital investments which would be required to implement the various billed party

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12 The NTCs estimate that to implement billed party preference for all 0+ and 0- interLATA traffic, approximately 20,866 trunk rearrangements will be required by NET and 23,448 trunk rearrangements by NYT.

13 Attachment B at p.1, L5.

14 Id. at p.2, L6.

15 Id. at p.2, L7.

preference options reflect the difference in the numbers of required trunk rearrangements for each option, which in turn differ based on the estimated demand for each of the four billed party preference options.

E. Operator Facilities And Training

In order to accommodate the increased number of requests for carrier identification which are not handled on a mechanized basis, the NYNEX Telephone Companies will be required to hire additional operators and will, as a result, have to provide space for these new operators, as well as consoles and training. The total estimated expenditures for building renovations to accommodate the additional operators, additional operator consoles and other equipment, and training would range from approximately $3,050,000 for all interLATA 0+ and 0- traffic to approximately $1,450,000 for interLATA 0+ payphone traffic only.[16]

F. Balloting

A final, but very significant, cost of billed party preference would be the cost of balloting some or all of the NTCs' subscribers to determine a 0+ carrier.[17] The cost to

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16 Id. at p. 1, L7 and p.2, L1, L2 and L3.

17 The Commission has requested comment on the process by which a 0+ carrier should be assigned to each line and has suggested that one possible way to choose a 0+ carrier would be for each LEC to send a ballot to each of its subscribers explaining their right to choose a 0+ carrier and setting forth their choices. Under the proposal, customers that did not send in their ballots would be defaulted to their 1+ carrier (NPRM at ¶ 33).

ballot each subscriber, and the cost to administer those ballots would be the same regardless of which billed party preference option was implemented.[18] The NTCs have estimated the costs which would be incurred in (1) balloting all their accounts; (2) balloting only their calling card holders; and (3) providing a bill insert to advise their customers of their right to choose a 0+ carrier.[19] The NTCs have also estimated the costs involved in ballot administration for each of these three options. The cost of either of the balloting options is extremely high, totalling over $19,000,000 for balloting of all accounts[20] and over $8,000,000 for balloting of all NTC calling card customers only.[21]

These balloting and ballot administration costs, and the subsequent requests for changes, would significantly, and unnecessarily, increase the implementation costs of billed party preference. Therefore, the Commission should not require balloting by the LECs of their subscribers. Instead, if the Commission orders billed party preference, the LECs should be required only to notify their customers of their right to presubscribe to a 0+ carrier different from their 1+ carrier.

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18 See, Attachment B at p.1, L4.

19 Id. at p.1, L3. The estimated cost of $1.50 per line for balloting is based on the NTCs' experience with the cost of conducting balloting for presubscription.

20 Id. at p.1, L3A and L4A.

21 Id. at p.1, L3B and L4B.

If a customer later requests a 0+ carrier different from its 1+ carrier, this additional choice could be loaded into LIDB.[22]

Thus, depending on the billed party preference option, the NTCs estimate that the total initial cost to implement billed party preference in their territory would range from approximately $71.1 million for interLATA 0+ payphone traffic only to $82.6 million for all interLATA 0+ and 0- traffic. If the NTCs were required to notify their customers of their right to choose a 0+ carrier through a bill insert rather than through balloting, the total initial implementation costs would be reduced, and would range from $53.9 million for interLATA 0+ payphone traffic only, to $65.4 million for all interLATA 0+ and 0- traffic.

ADDITIONAL RECURRING EXPENSES ASSOCIATED WITH OPERATOR SALARIES AND BENEFITS

Finally, additional operators would be required, regardless of the billed party preference option which was implemented. The number of required additional operators and the annual required expenditures for the salary and benefits

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22 The Commission has also requested comment on how a secondary OSP might be assigned to each telephone line. (NPRM at ¶ 35). In particular, the Commission seeks comment on whether primary Operator Service Providers ("OSPs") could and should be able to designate different secondary OSPs for different regions of the country, or whether it would be technically and administratively feasible to permit each end user to choose its own secondary OSP. If a secondary OSP is permitted, it should be chosen by the primary OSP, not the end user customer. The choice of a secondary OSP by the customer would add still greater administrative burdens to the LECs, and increase still further the cost of providing billed party preference.

for these operators for each of the billed party preference options is set forth in Attachment C. The NTCs' estimate of the number of additional operators required for each of the four billed party preference options ranges from 502 additional operators for all 0+ and 0- traffic to 143 for 0+ payphone traffic only.[23] The total estimated annual operator cost for each of the four billed party preference options ranges from $13.7 million for all 0+ and 0- traffic, to just under $4 million for 0+ payphone traffic only.[24] The estimated annual expense is based on current salary and benefit expenses. This expense would, therefore, increase by the time billed party preference is implemented, as well as in each succeeding year.

As a result of these initial implementation costs, as well as the additional annual expenses, as described more fully in Section IV, infra, when the probable price per-call of billed party preference as a new service is calculated, the high cost of billed party preference is apparent. Assuming balloting of all accounts, the total cost per-call of billed party preference would range from more than $.15 for interLATA 0+ traffic to $.18 for interLATA 0+ payphone traffic only.

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23 Attachment C at L1.

24 Id. at L2.

III. THE COMMISSION MUST CONSIDER BOTH THE COSTS AND BENEFITS OF BILLED PARTY PREFERENCE

In determining whether billed party preference is in the public interest, the Commission must consider both the costs and benefits of the service. The Commission must then determine whether, on balance, the benefits of billed party preference would outweigh the costs.

Billed party preference clearly would provide significant benefits to the public. First, while today most customers can reach their preferred carrier by dialing 0+ or, at most, by dialing access codes, with billed party preference, customers would always be able to reach their preferred carrier simply by dialing 0+.[25] Furthermore, with billed party preference, the customer would be assured that collect or billed to third number calls would be carried by the carrier chosen by the billed party. Finally, billed party preference would enhance competition in the 0+ calling card marketplace. Under current conditions, many carriers have chosen not to issue 0+ calling cards because those cards would not be honored at many locations. With billed party preference, all customers

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25 It should be noted that the Telephone Operator Consumer Services Improvement Act of 1990, and the regulations promulgated by the Commission pursuant to that legislation, requires payphone owners and other aggregators to "unblock" 800, 950 and 10XXX access codes, and to post information informing consumers of their right to use access codes to reach their desired operator service provider. With the full implementation of these rules, all customers at aggregator or payphone locations will be able to reach their preferred carrier either by dialing 0+ or through use of an access code.

using 0+ calling cards would be able to reach their preferred carrier from any location.[26]

These benefits must be weighed against the significant costs of billed party preference. As described in detail above, the NTCs' initial costs to implement billed party preference would be substantial, ranging from approximately $71.1 million to $82.6 million depending on the type of billed party preference implemented.[27] It is reasonable to assume that other LECs would also incur comparable costs to implement billed party preference in their regions and that the initial implementation costs for billed party preference nationwide could therefore exceed $500 million.

Moreover, there are additional industry costs which must also be considered by the Commission. First, billed party preference would clearly damage competition in the operator services marketplace. Small, specialized OSPs which provide services at traffic aggregator locations would likely lose a large portion of their business, as 0+ dialed traffic was redirected to the major interexchange carriers. Competition in the competitive payphone market would also be damaged, since, without the assurance that all traffic from a location will be directed to a single carrier, ICs and competitive payphone providers would no longer be able or willing to guarantee

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26 In order for their customers to enjoy this benefit, carriers would be required to issue calling cards in a CIID, 891 or line number format.

27 The expenditure of these sums on billed party preference could require the reallocation by the NTCs of capital and expense dollars planned for infrastructure upgrades.

commission payments to large premises owners to retain those locations.[28] In turn, the airports, hotels, motels and other aggregator locations could lose significant commission payments they receive from ICs and competitive payphone providers. The result may be higher costs to the customers using those facilities, as well as a loss of the incentive by these premises owners to provide public phones at their locations.

The NTCs believe that, on balance, the cost of billed party preference outweighs the benefits.

IV. IF BILLED PARTY PREFERENCE IS MANDATED, IT SHOULD NOT BE TREATED AS A NEW SERVICE FOR PURPOSES OF COST RECOVERY

If, notwithstanding the significant costs, the Commission determines that billed party preference is in the public interest, it should not be treated, as the Commission suggests, as a new service under price caps for cost recovery. The initial implementation costs and recurring expenses associated with billed party preference would simply make it uneconomical as a new service.

The NTCs have estimated the price at which billed party preference would be offered as a new service for each of the four options.[29] These calculations are set forth in detail in Attachments E through H. To estimate the total cost

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28 However, as discussed in Section V, infra., billed party preference would not be effective if it was implemented at LEC payphones only.

29 The estimated prices discussed in these comments, and set forth in Attachments E through H, represent direct costs plus overhead.

per-call for billed party preference, the NTCs have, for each option, (1) taken each of the necessary investment-related costs and added the appropriate overheads;[30] (2) added the additional annual operator costs; and (3) added the one-time expenses for billed party preference, amortized over three years. The sum of these three numbers was then divided by the estimated demand for the particular billed party preference option to determine the estimated price per-call.[31]

As shown on Attachments E through H, the estimated total price per-call for billed party preference does not vary significantly between the four options. Assuming customer notification through a bill insert, as opposed to balloting, the estimated total cost per-call for billed party preference would be approximately (1) $.14 for interLATA 0+ payphone traffic only;[32] (2) $.13 for interLATA 0+ public phone traffic only;[33] (3) $.125 for interLATA 0+ traffic;[34] and (4) $.14 for interLATA 0+ and 0- traffic.[35] If the cost of balloting is added, the total cost per-call for billed party preference would be approximately (1) $.18 for interLATA 0+

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30 Attachment D at p. 1.

31 The demand used was as follows: 295,743,845 calls per year for all interLATA 0+ and 0- traffic; 258,013,471 for all interLATA 0+ traffic; 207,020,692 for all 0+ public phone traffic; and 189,276,061 for all 0+ payphone traffic.

32 Attachment E at L15.

33 Attachment F at L15.

34 Attachment G at L15.

35 Attachment H at L15.

payphone traffic only;[36] (2) $.16 for interLATA 0+ public phone traffic only;[37] (3) $.15 for interLATA 0+ traffic;[38] and (4) $.16 for interLATA 0+ and 0- traffic.[39]

Given the high per-call cost of billed party preference, even for the least expensive option, billed party preference simply could not be sustained as a new service. Rather, it is likely that interexchange carriers would instruct their customers to dial access codes to avoid the charge for billed party preference.[40] Such a result would drive the per-call price of billed party preference still higher. Furthermore, the higher the per-call price for billed party preference, the more likely it would be that customers would dial around to avoid the charge, and the more likely that LECs would be left with stranded investment.

It is therefore imperative that, if billed party preference is mandated by the Commission, the costs be recovered in a manner other than as a new service under the price cap rules. Exogenous treatment of these costs through an increase in the NTCs' switched access rates, however, would also be inappropriate. The Commission is currently

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36 Attachment E at L7.

37 Attachment F at L7.

38 Attachment G at L7.

39 Attachment H at L7.

40 It should be noted that AT&T has been heavily advertising the use of the 10288 access code for some time. In addition, AT&T has indicated to the NTCs that it will avoid the costs of billed party preference by instructing its customers to dial its access code.

considering, in a number of proceedings, rule changes to increase switched access and Special Access competition. Any increase in the NTCs' switched access rates to recover the costs of billed party preference would put the NTCs at a disadvantage in competing with other access providers whose rates are not burdened with the costs associated with billed party preference.

If billed party preference is to be implemented, the costs associated with providing the service should be recovered through the EUCL. This approach would eliminate the ICs' incentive to instruct their customers to dial around billed party preference. The NTCs' estimates of the necessary increase in the EUCL for each of the four billed party preference options are set forth in Attachments I through L. To estimate the necessary increase in the EUCL for billed party preference, the NTCs have, for each option, (1) taken each of the necessary investment-related costs and added the appropriate carrying charge factor (but no overheads);[41] (2) added the additional annual operator costs; and (3) added the one-time expenses for billed party preference, amortized over three years. The sum of these numbers was then divided by the total number of EUCL lines in the NYNEX region. The NTCs estimate that, assuming the use of bill inserts for customer notification, the increase in the monthly EUCL charge would be approximately (1) $.11 for interLATA 0+ payphone traffic

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41 Attachment D at p. 2.

only;[42] (2) $.11 for interLATA 0+ public phone traffic;[43] (3) $.135 for interLATA 0+ traffic;[44] and (4) $.18 for interLATA 0+ and 0- traffic.[45] If balloting was used for notification, the monthly increase in the EUCL would rise substantially, to approximately (1) $.15 for interLATA 0+ payphone traffic only;[46] (2) $.15 for interLATA 0+ public phone traffic;[47] (3) $.17 for interLATA 0+ traffic;[48] and (4) $.22 for interLATA 0+ and 0- traffic.[49] Therefore, if the Commission orders billed party preference, in order to keep the increase in the EUCL as small as possible, the Commission should not require balloting.

V. IF BILLED PARTY PREFERENCE IS REQUIRED, IT SHOULD APPLY TO ALL INTERLATA 0+ AND 0- TRAFFIC FROM ALL PHONES, INCLUDING LEC AND COCOT PHONES; HOWEVER, THE IMPLEMENTATION PERIOD FOR BILLED PARTY PREFERENCE WOULD BE LENGTHY REGARDLESS OF THE OPTION CHOSEN

The Commission has tentatively concluded that a nationwide system of billed party preference for all 0+ interLATA calls is in the public interest.[50] It requests

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42 Attachment I at L15.

43 Attachment J at L15.

44 Attachment K at L15.

45 Attachment L at L15.

46 Attachment I at L7.

47 Attachment J at L7.

48 Attachment K at L7.

49 Attachment L at L7.

50 NPRM at ¶ 13.

comment, however, on whether billed party preference should apply to (1) interLATA 0+ payphone traffic only; (2) all interLATA 0+ public phone traffic; (3) all interLATA 0+ traffic; or (4) all interLATA 0+ and 0- traffic.[51]

If, despite the significant costs, the Commission determines that billed party preference is in the public interest, billed party preference should be implemented by all LECs and apply to all types of interLATA 0+ and 0- traffic, including residence, business and public or private payphones. As shown above, there is no significant difference in the cost of implementing the four billed party preference options.[52] Thus, if billed party preference is implemented, it should apply to all interLATA 0+ and 0- traffic so that the public would receive maximum benefit from the LECs' expenditures on billed party preference. Furthermore, customer confusion and frustration would result if billed party preference was available only in selected areas, or only for certain types of calls.

If billed party preference is mandated, Part 68 of the Commission's rules should also be amended to preclude traffic aggregators and payphone providers from using automatic dialing mechanisms to program their phones to dial around billed party

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51 Id. at ¶ 32.

52 The initial billed party preference implementation costs range from approximately $82.6 million for all interLATA 0+ and 0- traffic to $71.1 million for all interLATA 0+ payphone traffic only. When calculated as a cost per-call, the cost would range from $.18 for interLATA 0+ payphone traffic only to $.15 for interLATA 0+ traffic.